

Idaho Grain Market Report, June 9, 2011

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Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, June 8, 2011. Barley prices in \$/Cwt. and wheat prices in \$/bu.

<u>Barley (Cwt.)</u>		<u>Wheat (bu.)</u>			
	#2 Feed, 48 lbs or better	Open market malting	#1 SWW	#1 HRW 11.5% protein	#1 DNS 14% protein
Ashton	NQ	(2-R) \$12.50 (6-R) \$12.50	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	\$11.50	(2-R) NQ (6-R) NQ	\$7.20	\$7.65	\$10.84
Idaho Falls	NQ	(2-R) \$11.25-\$12.75 (6-R) \$11.25	NQ	NQ	NQ
Blackfoot / Pocatello	\$11.56	(2-R) \$12.50 (6-R) \$12.50	\$7.70	\$7.17	\$11.34
Grace / Soda Springs	\$12.79	(2-R) NQ (6-R) NQ	\$7.45	\$7.53	\$10.73
Burley / Rupert Hazelton	\$11.50	(2-R) \$11.25 (6-R) \$11.25	\$6.40	NQ	NQ
Twin Falls / Eden / Buhl	\$12.00-\$13.00	(2-R) NQ (6-R) NQ	\$7.20-\$7.40	NQ	NQ
Weiser	\$11.25	(2-R) NQ (6-R) NQ	\$6.80	NQ	NQ
Nez Perce / Craigmont	\$10.10	(2-R) \$10.10 (6-R) \$10.10	\$7.24	\$8.69	\$11.99
Lewiston	\$10.35	(2-R) \$10.35 (6-R) \$10.35	\$7.43	\$8.88	\$12.18
Moscow / Genesee	\$10.15-\$11.50	(2-R) \$10.15 (6-R) \$10.15	\$7.20-\$7.90	\$8.65-\$9.45	\$11.95-\$12.25

Trading Prices at Selected Terminal Markets, cash prices FOB

	#2 Feed 46 lbs. -- unit trains barge	Single rail cars- domestic	Malting	#1 SWW	#1 HRW 11.5% Protein	#1 DNS 14% Protein
Portland	NQ	NQ	NQ	June \$7.70-\$7.92 Aug NC \$7.70-\$7.93	June \$9.40-\$9.45 Aug NC \$9.29-\$9.39	June \$12.15-\$12.65 Aug NC \$11.20-\$11.50
Los Angeles	\$14.75	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$14.75	NQ	NQ	NQ	NQ	NQ
Ogden	\$11.75	NQ	NQ	\$7.70	\$7.48	\$10.78
Great Falls	\$10.25-\$10.50	NQ	\$12.00	NQ	\$6.87-\$6.97	\$11.52-\$11.60
Minneapolis	\$10.62	NQ	\$15.62	NQ	\$9.08 ¼ (12%)	\$14.00 ¼ - \$15.00 ¼

Market trends this week

BARLEY – Local barley prices were mostly lower this week ranging from 77 cents lower to 40 cents higher in southern Idaho and no change to 25 cents lower in northern Idaho. USDA reported that barley export sales last week for new Marketing Year 2011/12 totaled 1.1 TMT, for Taiwan and Canada. A total of 300 MT of barley sales were carried over from the 2010/11 marketing year, which ended May 31. There were no barley export shipments last week, bringing accumulated exports for MY 2010/11 to 100.3 TMT, up 29% from the previous year. Export shipments in the new marketing year totaled 2.8 TMT.

USDA's S&D report for MY 2010/11 and MY 2011/12 - BARLEY – June 9 – USDA made no changes to the barley balance sheet for either MY 2010/11 or 2011/12. **2011 production estimate remained unchanged at a historically low 175 million bu, down 5 million bu or 3% from last year.** Average farm gate price for U.S. barley was raised to \$5.79-\$7.05/bu, compared to a marketing year average of \$3.85 in 2010/11. **World barley production was pegged at 130 MMT, down 2 MMT from last month but up 6% from last year. World barley ending stocks were estimated at 21.9 MMT this month, up slightly from May but down 10% from 2010 due to tighter stocks in all of the major producing countries, including the EU, Canada and Australia.**

WHEAT – Local wheat prices were also mostly lower this week: SWW ranged from no change to \$1.20 cents lower; HRW ranged from \$.01 higher to \$.28 lower; and DNS ranged from \$.10 higher to \$.35 lower. USDA reported that wheat export sales last week for new Marketing Year 2011/12 were above trade expectations at 477.7 TMT. A total of 1.8 MMT of wheat sales were carried over from the 2010/11 marketing year, which ended May 31. Wheat export shipments last week totaled 455 TMT, bringing accumulated exports for MY 2010/11 to 33.4 MMT, up 54% from the previous year. Export shipments in the new marketing year totaled 142.9 TMT.

USDA's S&D report for MY 2010/11 and MY 2011/12 - WHEAT – June 9 – USDA lowered U.S. ending stocks for MY 2010/11 which ended May 31 by 30 million bu to 809 million (lowered imports by 10 million bu and raised exports by 20 million bu). This was below the average pre-report trade estimate of 842 million bu. **2011 production was tweaked higher by 15 million bu to 2.058 billion bu, which was 49 million bu above the average pre-report trade estimate of 2.009 billion bu.** This caught many analysts by surprise given the difficult crop conditions so far this year. USDA pegged the HRW wheat crop at 777 million bu, about 33 million bu above the average trade estimate; SRW wheat crop was pegged at 434 million bu, about 17 million bu above the average trade estimate; and SWW crop was pegged at 240 million bu, about 6 million above the average trade estimate. **U.S. wheat ending stocks for MY 2011/12 were lowered by 15 million bu to 687 million bu, compared to an average pre-report trade estimate of 659 million bu** The average farm gate price for U.S. wheat was raised to \$7.00-\$8.40/bu, compared to \$5.70 in MY 2010/11. **World wheat production was lowered by 5 MMT this month to 664.3 MMT, which is 2% above a year ago. World wheat ending stocks increased this month by 3 MMT to 185.3 MMT, down 2% from MY 2010/11.**

Wheat Competitor/Buyers News – USDA lowered their wheat production estimates for the EU-27 by 7 MMT to 131.5 MMT (lowered exports by 3 MMT to 15.0 MMT) and Canada by 1.0 MMT to 25.0 MMT. However they also raised wheat production estimates for Argentina by 1.5 MMT to 15.0 MMT (exports up 1.0 MMT to 9.0 MMT) and Australia by 0.5 MMT to 25.0 MMT (exports up 2.0 MMT to 17.0 MMT). Russian wheat exports are currently pegged at 10.0 MMT and Ukrainian wheat exports at 8.5 MMT, the same as last month. The Argentine government approved another 400 TMT of wheat for export in the current MY 2010/11, bringing the total approved to 7.6 MMT.

CORN – Corn export sales last week were well below trade expectations at 320.3 TMT old crop and 29.9 TMT new crop, down 32% from the previous week and down 48% from the prior 4-week average. Corn export shipments last week totaled 1.004 MMT, up 12% from the previous week and up 9% from the prior 4-week average.

Ethanol corn usage – DOE's Energy Information Agency reported that U.S. ethanol production picked up again last week, totaling 915,000 bbls, up 0.66% from the previous week and up 9.06% from last year – **representing a weekly corn use of 96.07 million bushels, which remains below the weekly pace of 103.3 million bu needed USDA's marketing year demand estimate of 5 billion bushels.**

USDA's S&D report for MY 2010/11 and MY 2011/12 - CORN – June 9 - USDA left the U.S. corn balance sheet for MY 2010/11 (ends Aug. 31) unchanged, with ending stocks at 730 million bu. This was above the average pre-report trade estimate of 706 million bu. **For the new Marketing Year 2012, USDA pegged U.S. corn production at 13.2 billion bu, down 305 million from last month, based on a 1.5 million acre cut to planted acres and a 1.9 million acre cut to harvest acres.** USDA left the national average corn yield unchanged this month at 158.7 bpa. USDA cut domestic feed usage this month by 100 million bu to 5.0 billion bu, **resulting in a 205 million bu reduction in new crop ending stocks to 695 million bu. This was below the average pre-report trade estimate of 771 million bu.** Average farm gate price for U.S. corn was raised to a historical high of \$6.00-\$7.00/bu, compared to the current marketing year projection of \$5.20-\$5.50. **World corn production was cut by nearly 2 MMT this month to 866.2 MMT, which is 6% higher than a year ago, World corn ending stocks were cut by more than 17 MMT to 111.89 MMT, which is down 5% from this year, due to much smaller than projected stocks in China.**

Futures market activity this week

WHEAT – Wheat markets began the week sharply lower to the lowest close since mid-May under pressure from technical weakness as prices fell through chart support levels which triggered pre-set sell stops. Pressure came from improved weather outlook in northern Europe, talk of overbought conditions in wheat futures and general weakness in outside markets. MGE, in particular, traded in a wide range before closing lower on highly volatile investor sentiment. Wheat shrugged off continuing weakness in outside markets, to move solidly higher on Wednesday on ideas that the wheat markets had become oversold ahead of the monthly S&D report scheduled for release the next day. Wheat finished mostly lower today (Thursday) on a lightly bearish USDA supply and demand report which showed higher than expected U.S. winter wheat production and larger than expected world wheat stocks. The advancing winter wheat harvest also weighed on wheat futures. **Wheat futures market closes on Thursday, 06/09/11...**

	July 2011	Weekly Summary	Sept 2011	Weekly Summary
Chicago	\$7.45	Down \$0.28 ¾	\$7.82 ¾	Down \$0.36 ¾
Kansas City	\$8.71 ¼	Down \$0.43	\$8.89 ¾	Down \$0.43 ¾
Minneapolis DNS	\$10.20 ¾	Down \$.39 ¾	\$9.64 ½	Down \$0.29

CORN – Corn prices fell double digits on Monday under the weight of aggressive fund selling that was triggered by expectations of rapid planting progress in the Eastern Corn Belt this week as well as talk of overbought conditions on the

corn charts. Corn posted a supportive reversal to close modestly higher on Tuesday on a renewed focus on 2011 crop uncertainties and very tight old crop supplies. Corn extended its gains on Wednesday, trading limit up at one point in the session, as fund buying was triggered by ideas that USDA would lower its planted acreage estimate in Thursday's monthly crop estimates. Corn posted new contract and all time highs today (Thursday) on a bullish supply and demand report which confirmed a second consecutive year of record tight corn stocks and likely price rationing ahead. USDA pegged global corn stocks- to-use at 12.8%, the lowest since 1973 and the 3rd tightest stocks to use on record. **July 2011 corn futures contract closed Thursday, 06/09/11, at \$7.85 ½, up \$0.31 ½ and the Sept 2011 contact closed at \$7.54, up \$.23 for the week.**

OTHER MAJOR FACTORS TO WATCH –

- **CRUDE OIL** – Crude oil began the week on a subdued note – trading down \$1.21 to close at \$99.01/bbl on Monday under pressure from continuing investor fears of a global economic slow down that would lower future energy demand. Prices were mostly unchanged on Tuesday – closing at \$99.09/bbl – on a tug of war between expected increase in output from OPEC members on the one hand and an unexpected increase in 2011 global oil demand according to the DOE Energy Information Agency's revised short-term energy market outlook, showing crude oil demand increasing by 300,000 bpd to 88.43 million barrels per day. Crude oil prices popped sharply higher on Wednesday and again on Thursday as OPEC ministers could not agree on a production increase which triggered short covering. The weekly government petroleum stocks report also was supportive, showing a much larger than expected drawdown in domestic stocks. Crude oil stocks fell by 4.85 million bbls, compared to an expected decline of 1.38 million bbls; distillates increased by 0.8 million bbls; and gasoline stocks increased by 2.209 million bbls, compared to an expected increase of 1.1 million bbls. **Crude oil settled up \$1.19 today to close at \$101.93/bbl on continued strength from OPEC gridlock.**
- **U.S. WEATHER / CROP WATCH** – Last weekend saw improved planting conditions for corn, although some areas of Indiana and Ohio received heavier than expected rainfall. Warmer and drier conditions though mid week allowed rapid planting progress across much of the Central U.S. with the exception of still water-logged areas of Montana and western North Dakota. However, hot dry conditions were once again giving way to a cold front moving into the region on Wednesday, projected to bring heavy rainfall to areas like Iowa where Missouri River flooding problems were likely to be exacerbated. **The 1-5 day outlook was wetter but the 6-10 day and 8-14 day outlooks showed a return to warmer and drier conditions.** **Spring wheat planting** remained well behind a normal pace at only 79% planted compared to 98% on average. It was estimated that more than 2 million acres of projected spring wheat acres remained unplanted in North Dakota at the beginning of the week. Weather outlook showed above average normal precipitation across much of the Northern Plains for the next 2 weeks.
- **INTERNATIONAL WEATHER / CROPS -**
 - **Canada** –Southeastern Saskatchewan and Manitoba continued to see additional rain this week, stalling planting progress. Canada was estimated to be 80% planted compared to 93% on average.
 - **Europe** – Beneficial rainfall continued to cover large portions of France, Germany and the UK this week, but about 10-15% of France's winter grain production is considered lost at this point.
 - **Former Soviet Union** – Dry warm conditions persisted in much of Ukraine and western Russia but moisture relief was in the extended forecast. Meanwhile, Northern Kazakhstan and eastern Russia received favorable moisture.
 - **Middle East** – More locally heavy showers raised additional quality concerns for filling to mature winter wheat, with heavy rainfall and hail causing crop damage in some areas.
 - **Northern Africa** – Dry weather favored harvest progress.
 - **China** – Yangtze River Valley continued to receive a narrow band of moisture which was providing relief for summer crops (corn).
 - **Argentina / Brazil** – Dry conditions favored final harvest progress. Winter grain areas of Brazil remained dry, stressing crops.
 - **Australia** – Western Australia received widespread showers which continued to improve early crop development for winter grains, while Eastern Australia was mostly dry which allowed rapid planting progress.

USDA Crop Progress / Condition Report, June 6, 2011

Crop	% Planted	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
U.S. barley	80%	72%	99%	99%			
ID barley	99%	96%	99%	99%	71%		
U.S. spring wheat	79%	68%	97%	98%			
ID spring wheat	99%	95%	100%	100%			
U.S. winter wheat	79%	72%	83%	85%	34%	33%	66%
	headed 10% harvested	NA	4%	6%			
ID winter wheat	12% headed	2%	9%	18%	84%	81%	
Corn	94%	86%	99%	98%	67%	63%	73%